



MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis

Michigan Department of Treasury

<http://www.michigan.gov/treasury>

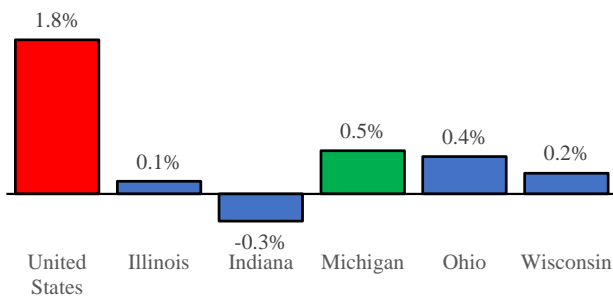
Summarizing Economic Data for June 2023

(Published 07/31/2023)

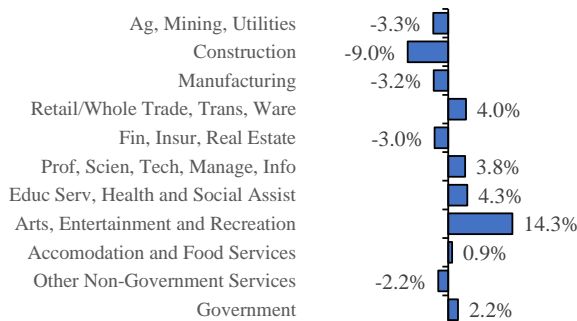
State Gross Domestic Product Release

On June 30, 2023, the Bureau of Economic Analysis released 2023Q1 state gross domestic product (GDP) data. Below are some highlights of that release ^(c):

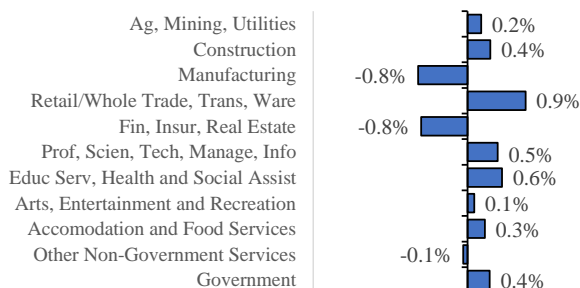
**Percent Change in Real GDP
2022Q1 - 2023Q1**



**Change in Michigan Real GDP
2022Q1-2023Q1**



**Percentage Point Contribution to
2022Q4-2023Q1 Annualized
Real GDP Growth**



Interstate Comparisons, Year-Ago Change

- Michigan real (inflation adjusted) total GDP increased 0.5 percent over the past year.
- Michigan year-over-year (y-o-y) percent change in total GDP ranked 42nd among all states.
- State y-o-y real GDP changes ranged from -0.5 percent (Connecticut) to +5.0 percent (Texas).
- Among Great Lakes states, y-o-y percent changes ranged from -0.3 percent (Indiana) to +0.5 percent (Michigan).

Sectoral Michigan Real GDP Y-O-Y Change

- Among broad industry groupings in Michigan, y-o-y changes in real GDP varied widely.
- Real GDP rose 14.3 percent in the arts, entertainment and recreation industry. Real GDP increased 4.3 percent in the education services, health and social assistance industry. Trade, transportation and warehousing real GDP rose 4.0 percent.
- Construction industry real GDP fell 9.0 percent. Agriculture, mining and utilities real GDP declined 3.3 percent. Manufacturing real GDP fell 3.2 percent.

Sectoral Michigan Real GDP 2022Q1 Change

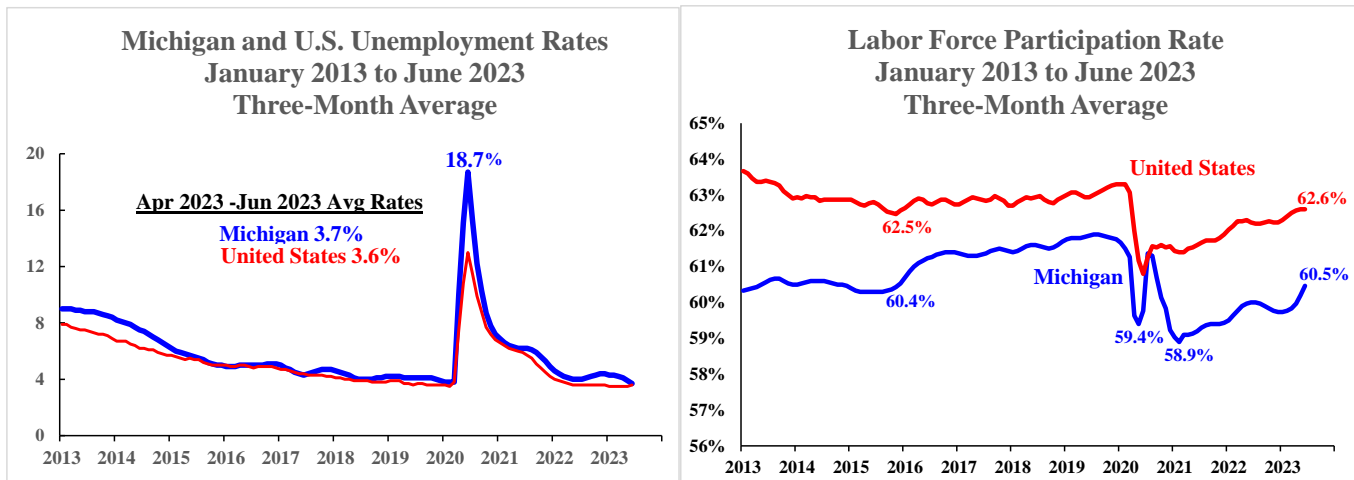
- In 2023Q1, overall real Michigan GDP grew at a 1.7 percent annualized rate.
- The retail/wholesale trade, transportation/warehousing sector added 0.9 percentage points to annualized growth while the education services, health and social assistance sector added 0.6 of a percentage point to annualized growth.
- The manufacturing sector and the finance, insurance and real estate sector each subtracted 0.8 of a percentage point to annualized growth.

June 2023 Summary

Unemployment Rate Estimates

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- The monthly Michigan unemployment rate estimate fell to 3.6 percent in June. The three-month average of the Michigan unemployment rate was 3.7 percent for June. Compared to last June, the three-month average was down 0.3 of a percentage point. Compared to the pre-pandemic February 2020 rate, the current average is down 0.1 of a percentage point.
- The average number of people employed in Michigan between April 2023-June 2023 was 39,600 lower than the number employed in February 2020. Compared to the three-month average of people employed between April 2022-June 2022, the current three-month average is up 60,500 people. The April 2023-June 2023 average of people unemployed is 6,700 people lower than the number of unemployed in February 2020.
- The U.S. unemployment rate fell to 3.6 percent in June. June's national jobless rate is equal to the June 2022 rate (3.6 percent) and is 0.1 percentage point higher than the February 2020 rate (3.5 percent).
- Both the Michigan and U.S. labor force participation rates, while rising from earlier troughs, remain significantly lower than their pre-pandemic participation rates.



Employment by Place of Residence (in Thousands)^(a)

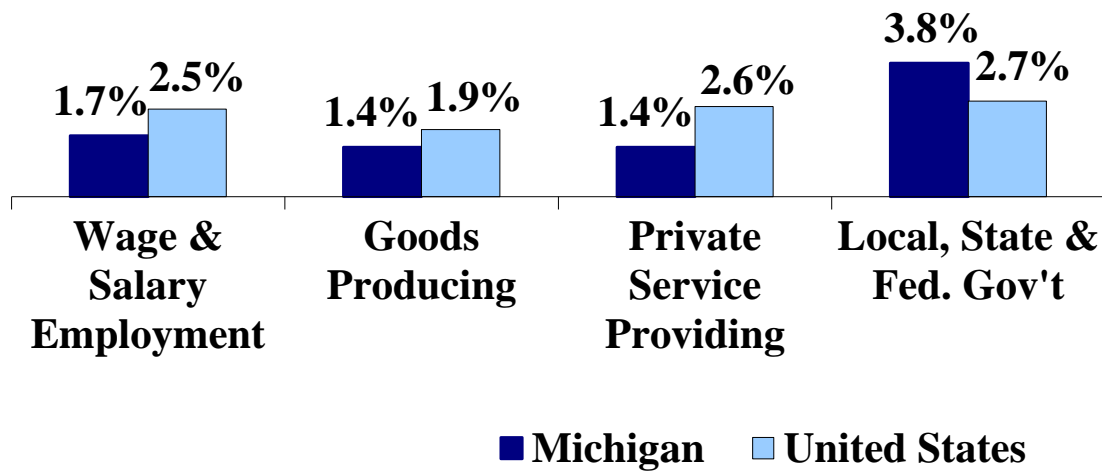
	Annual 2022	Apr 2023	May 2023	Jun 2023	Chg Fr Mo Ago Level	Chg Fr Mo Ago %	Chg Fr Yr Ago Level	Chg Fr Yr Ago %	Three Month Average
Michigan									
Labor Force	4,836	4,869	4,895	4,918	23	0.5%	71	1.5%	4,894
Employed	4,633	4,683	4,716	4,742	26	0.6%	89	1.9%	4,714
Unemployed	203	186	179	176	-3	-1.7%	-18	-9.4%	180
Unemployment Rate	4.2%	3.8%	3.7%	3.6%	n.a.	-0.1 % pts	n.a.	-0.4% pts	3.7%
United States									
Labor Force	164,287	166,688	166,818	166,951	133	0.1%	2,949	1.8%	166,819
Employed	164,287	161,031	160,721	160,994	273	0.2%	2,937	1.9%	160,915
Unemployed	5,996	5,657	6,097	5,957	-140	-2.3%	12	0.2%	5,904
Unemployment Rate	3.6%	3.4%	3.7%	3.6%	n.a.	-0.1 % pts	n.a.	0.0% pts	3.6%

Employment by Place of Work (Payroll)

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- Compared to June 2022, Michigan payroll employment was up by 75,500 jobs (1.7 percent). State payroll employment rose by 2,200 jobs in June 2023 from May 2023. Nationally, June 2023 payroll employment was up by 3.8 million jobs (2.5 percent) from a year ago. National employment rose 209,000 jobs in June.

Payroll Employment Growth



- In the goods-producing sector, Michigan payroll employment increased 1.4 percent in June from a year ago; employment in the private service-providing sector rose 1.4 percent. From a year ago, June national payroll employment rose 1.9 percent in the goods-producing sector and increased 2.6 percent in the private service-providing sector.
- At 41.3 hours, manufacturing weekly hours in Michigan were down 0.7 of an hour from last year.

Wage and Salary (Payroll) Employment (in thousands)^(b)

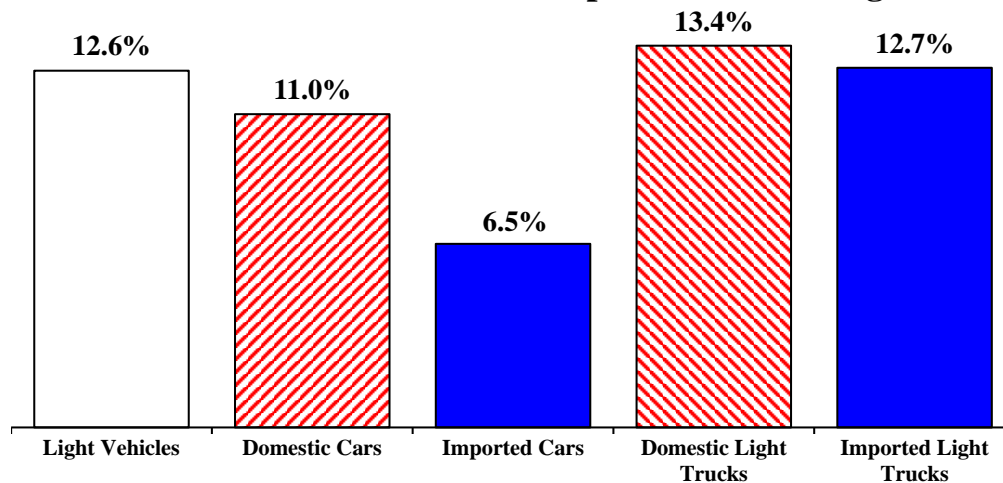
	2022 <u>Annual</u>	MI June <u>2022</u>	MI June <u>2023</u>	Percent <u>Change</u>	2022 <u>Annual</u>	US June <u>2022</u>	US June <u>2023</u>	Percent <u>Change</u>
Wage & Salary Employment	4,362.2	4,363.7	4,439.2	1.7%	152,575	152,412	156,204	2.5%
Goods Producing	794.3	796.4	807.6	1.4%	21,178	21,175	21,578	1.9%
Manufacturing	603.2	605.6	608.4	0.5%	12,825	12,819	12,989	1.3%
Private Service Providing	2,978.2	2,979.2	3,021.2	1.4%	109,226	109,127	111,916	2.6%
Trade, Trans. & Utilities	804.0	804.5	810.5	0.7%	28,643	28,671	28,873	0.7%
Services	1,885.8	1,886.2	1,924.5	2.0%	68,465	68,324	70,804	3.6%
Local, State & Fed. Gov't	589.8	588.1	610.4	3.8%	22,171	22,110	22,710	2.7%
Manufacturing Weekly Hours	42.1	42.0	41.3	-0.7 hrs	41.0	41.0	40.7	-0.3 hrs

Motor Vehicle Sales Up From Last Year

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- The U.S. light vehicle annualized sales rate rose from 15.1 million units to 15.7 million units between May and June. Compared to a year ago, June 2023 sales were up 20.2 percent.
- U.S. sales of domestic light vehicles rose 18.8 percent from last June while foreign sales increased 25.5 percent. In June 2023, at 21.1 percent, the foreign share of U.S. light vehicle sales was up 0.9 of a percentage point from a year earlier.
- Auto sales were up 13.0 percent from last June, while light truck sales increased 22.1 percent from June 2022. Year-over-year, heavy truck sales were up 15.2 percent from last June.
- Motor vehicle and parts dealer inventories were up 27.0 percent from last May.

Year-to-Date Vehicle Sales Up From A Year Ago



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

	<u>2022</u> <u>Total</u>	<u>Apr</u> <u>2023</u>	<u>May</u> <u>2023</u>	<u>Jun</u> <u>2023</u>	<u>3 Month</u> <u>Average</u>	<u>Jun</u> <u>Chg fr</u> <u>Yr Ago</u> <u>Level</u>	<u>Jun</u> <u>Chg fr</u> <u>Yr Ago</u> <u>%</u>
Autos	3.4	3.3	3.1	3.1	3.1	0.4	13.0%
Domestics	2.4	2.4	2.2	2.3	2.3	0.3	13.5%
Imports	1.0	0.9	0.8	0.8	0.8	0.1	11.4%
Import Share	29.1%	26.2%	27.2%	25.4%	26.3%	-0.4% pts	
Light Trucks	11.6	12.8	12.0	12.6	12.5	2.3	22.1%
Domestics	9.0	10.4	9.7	10.1	10.0	1.7	20.1%
Imports	2.6	2.5	2.3	2.5	2.4	0.6	30.7%
Import Share	22.3%	19.1%	19.5%	20.1%	19.6%	1.3% pts	
Total Light Vehicles	14.9	16.1	15.1	15.7	15.6	2.6	20.2%
Heavy Trucks	0.5	0.5	0.6	0.5	0.6	0.1	15.2%
Total Vehicles	15.4	16.6	15.6	16.2	16.2	2.7	20.0%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)

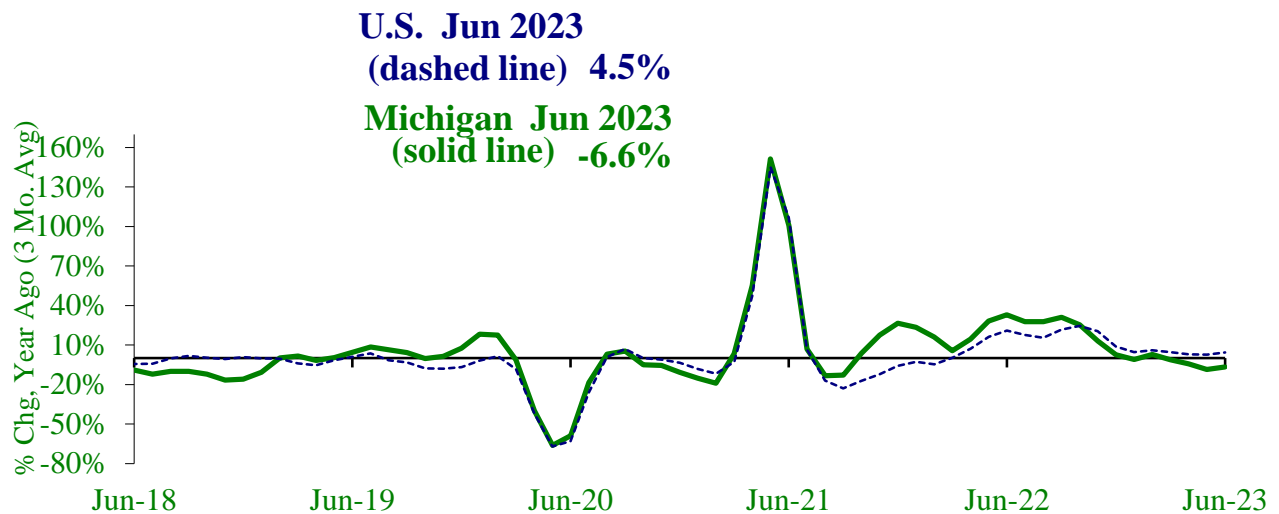
	<u>2022</u> <u>Average</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>3 Month</u> <u>Average</u>	<u>Chg fr</u> <u>Year Ago</u> <u>Level</u>	<u>Chg fr</u> <u>Year Ago</u> <u>%</u>
Inventories	\$182.1	\$166.9	\$208.7	\$208.9	\$194.8	\$45.1	27.0%
Inventory/Sales Ratio	1.43	1.28	1.61	1.60	1.50	0.34	

Michigan Vehicle Production Down from Year Ago

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- Michigan vehicle production was down 3.9 percent from June 2022 while national vehicle production was up 3.2 percent from last June. In June 2023, Michigan vehicle production totaled 183,137 units.
- In June 2023, auto production fell 33.5 percent year-over-year (y-o-y) in Michigan and was down 0.1 percent nationally; truck production decreased 0.4 percent in Michigan but was up 3.9 percent nationally.
- Comparing the three-month average of vehicle production in April 2023-June 2023 to production in April 2022-June 2022, Michigan's average production was down 6.6 percent while average production increased 4.5 percent nationally.

Three-Month Average of Michigan Vehicle Production Down from Year Ago in June



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2022 Monthly Average	Apr 2023	May 2023	Jun 2023	3 Month Average	Jun Level Chg fr Yr Ago	Jun % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	151.1	154.2	166.4	161.6	160.7	(0.2)	-0.1%
Trucks	699.8	687.7	789.9	757.2	744.9	28.6	3.9%
Total	850.9	841.9	956.3	918.8	905.7	28.3	3.2%
Michigan Production ^(f)							
Autos	15.0	10.5	11.7	13.4	11.9	(6.7)	-33.5%
Trucks	165.5	147.6	171.2	169.8	162.8	(0.7)	-0.4%
Total	180.6	158.1	182.9	183.1	174.7	(7.4)	-3.9%
Michigan as % of U.S.	21.2%	18.8%	19.1%	19.9%	19.3%	-1.5% pts	

U.S. Economic Conditions

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	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	62.0	63.5	59.2	64.4	14.4 points
ISM Manufacturing Index ⁽ⁱ⁾	46.3	47.1	46.9	46.0	-7.1 points
ISM Non Manufacturing Index ⁽ⁱ⁾	51.2	51.9	50.3	53.9	-2.1 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	301.8	303.4	304.1	305.1	3.0%
Detroit CPI	NA	282.5	NA	285.6	4.7%
U.S. Producer Price Index	141.0	141.1	140.7	141.0	0.1%
INTEREST RATES					
90 Day T-Bill ^(l)	4.69%	4.92%	5.14%	5.16%	3.67% points
10 Year Treasury Securities ^(l)	3.66%	3.46%	3.57%	3.75%	0.61% points
INDUSTRIAL PRODUCTION ^(l)	102.7	103.3	102.8	102.2	-0.4%
CAPACITY UTILIZATION ^(l)	79.5%	79.9%	79.4%	78.9%	-1.6% points
RETAIL SALES ^(d)	\$681.7	\$684.6	\$688.2	\$689.5	1.5%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.380	1.348	1.559	1.434	-8.1%
Existing Home Sales ^(m)	4.430	4.290	4.300	4.160	-18.9%
DURABLE GOODS ORDERS ^(d)	\$279.8	\$283.3	\$288.9	\$302.5	8.9%
PERSONAL INCOME ^(c)					
(Billions, Seasonally Adj & Annualized)	<u>2022.3</u>	<u>2022.4</u>	<u>2022.4</u>	<u>2023.1</u>	<u>% Change From Year Ago</u>
Michigan	\$573.4	\$574.4	\$574.4	\$586.5	4.7%
U.S.	\$21,964.6	\$22,234.4	\$22,234.4	\$22,512.5	5.6%
GROSS DOMESTIC PRODUCT ^(c)					
(Billions of Chained 2012	<u>2022.3</u>	<u>2022.4</u>	<u>2023.1</u>	<u>2023.2</u>	<u>Annualized % Chg From Last Qtr</u>
Dollars, Seasonally Adj & Annualized)	\$20,054.7	\$20,182.5	\$20,282.8	\$20,404.1	2.4%

- (a) Seasonally adjusted. Sources: Bureau of Labor Statistics, U.S. Department of Labor and Michigan Department of Technology, Management and Budget.
- (b) Bureau of Labor Statistics, U.S. Department of Labor (BLS 790).
- (c) Bureau of Economic Analysis, U.S. Department of Commerce.
- (d) Bureau of the Census, U.S. Department of Commerce. Seasonally adjusted.
- (e) Automotive News.
- (f) Michigan Department of Treasury.
- (g) Michigan Department of Technology, Management and Budget.
- (h) University of Michigan Survey of Consumers.
- (i) Institute for Supply Management (ISM), formerly NAPM.
- (j) The Conference Board.
- (k) Bureau of Labor Statistics, U.S. Department of Labor.
- (l) Seasonally adjusted rates (except interest rates). Federal Reserve System Board of Governors. 2012 equals 100. Treasury bill rate (secondary market).
- (m) National Association of Realtors.